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New Tool for Private Foundations Available

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WASHINGTON — The Internal Revenue Service today launched a new Web-based information tool that will help private foundations comply with federal tax rules and requirements that occur throughout the life cycle of their organization.

The Life Cycle of a Private Foundation provides a snapshot of five stages: starting the organization, applying for tax-exempt status, filing requirements, maintaining compliance and terminating the organization. The new tool is similar to the Life Cycle of a Public Charity that has proved popular since its introduction in 2004.

"We expect this new life cycle of private foundations to be as well received and as valuable an information and assistance tool as our pilot site for public charities," said Martha Sullivan, director, Exempt Organizations Division. The concept of the public charity site was created by the Advisory Committee on Tax Exempt and Government Entities.

The new site provides easy navigation through the life cycle of general topics. It explains an array of issues such as how to acquire an Employer Identification Number (EIN); how to avoid jeopardizing the foundation's exemption; how political activities involvement may affect the foundation's status and how disclosure requirements must be met.

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